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Nebraska
Corn Growers
Association

On behalf of the Nebraska Corn Growers Association (NeCGA), I thank Governor Heineman, Director Ibach and their respective staff for organizing this 2007 Farm Bill Listening Session. We appreciate the opportunity to participate in this forum.

The 2002 Farm Bill authorized or extended authorization for several programs meant to encourage renewable energy production and value-added agricultural products.

The Value-Added Agricultural Product Market Development Grants have provided much needed funds for planning and working capital. The Renewable Energy Systems and Energy Efficiency Improvements Program has provided valuable capital for projects involving wind, bio=based fuels, methane digesters for manure management as well as numerous energy efficiency projects. A common theme with these programs is the fact that requests far exceed available funds.

Many Nebraska ethanol plants have benefited from the Commodity Credit Corporations Bioenergy Program. To benefit from this program, existing plants agreed to increase their annual production. These production increases provide additional economic benefits to the communities and states where the plants are located.

NeCGA members believe an emphasis on entrepreneurship rather than entitlement will refocus agriculture to revitalize rural America. Development of markets for value-added processing and new value chains for identity preserved agricultural products should benefit rural America. Farmers must participate as shareholders in the industries springing from these markets, not just as vendors. Ownership of the manufacturing plant, not the raw commodities, will offer far better economic futures for farmers and their communities.

Livestock agriculture remains the most logical route for value-added agriculture. If animal agriculture continues to move to other countries because of social and environmental concerns, grain production will quickly follow. This will have major implications for U.S. competitiveness and U.S. food security. Currently, livestock consumes 56 percent of the U.S. corn crop and 47 percent of domestic soybean production. We must continue to support livestock and poultry production and research, especially efforts to make it more environmentally friendly. Growth in the U.S. animal agriculture is crucial to guarantee local markets for grain and ethanol plant by-products. Without a healthy U.S. livestock industry, value-added agriculture, including soybean processing and ethanol production, won't reach its full potential.

The next Farm Bill should maintain and expand programs which assist farmer's entry into value-added activities.

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The National Corn Growers Association Future Structure of Agriculture Task Force II recently released a report title "Taking Ownership of Grain Belt Agriculture." Recommendations of this report would enhance value-added agriculture in the next Farm Bill are as follows:

Farm leaders and policy makers should focus on:

1) Redefining U.S. agriculture's strategic importance beyond a food-based economy;
2) Engaging a national effort to shift focus to basic science research for bio-based products in the health, environmental and energy needs of America;
3) Fostering economically viable, value-added business opportunities in rural areas;
4) Encouraging dynamic farmer-owned business models that can anticipate and take advantage of market opportunities; and
5) Increasing government support for entrepreneurship and innovation in rural areas.

The report concludes –
In a more prosperous future for U.S. farm operators and their communities, producers will need to seriously examine the benefits of profiting from ownership in upstream businesses or branded ventures, rather than raw commodities. A bio-based economy can enhance opportunities for growers, but only if they hold some stake as shareholders, rather than as vendors.

A transition to a more entrepreneurial grain belt agriculture is not without pitfalls. In some cases, the failure of some high-profile ventures has soured grower enthusiasm. But the risk that U.S. agriculture will be under serious budget and trade constraints in the next few years raises the specter of reduced government price supports and lower incomes for growers dependent on commodity prices alone. Rural incomes and farm communities will benefit if national priorities begin to encourage self-reliance and marketplace solutions.

Again, I want to thank Governor Heineman and Director Ibach for providing Nebraska farmers this opportunity to discuss the current and future farm bills.